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INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE

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E.O. 12958: DECL: 05/15/2034  
TAGS: [MTCRE](#) [PARM](#) [PREL](#) [ETTC](#) [MNUC](#) [TSPA](#) [IR](#) [GM](#) [SZ](#)  
SUBJECT: IRANIAN MODAFL AFFILIATE SEEKS SWISS-ORIGIN  
DIGITAL MAGNETIC COMPASSES FROM GERMAN FIRM (S)

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS  
1.4 (B), (C), AND (D).

[¶1.](#) (U) This is an action request. Embassy Berlin  
please see paragraph 3.

[¶2.](#) (S) Background and Objectives: The United States  
has information indicating that as of mid-March 2009,  
Iran's Shiraz Electronics Industries (SEI) was seeking  
several digital magnetic compasses manufactured by the  
Swiss firm Vectronix via the German firm Holm GmbH.  
These items are designed for various applications,  
including in unmanned underwater vehicles, and while  
not controlled by the Missile Technology Control Regime  
(MTCR), they can be used as attitude and heading  
reference systems in unmanned aerial vehicles (UAVs).  
SEI is affiliated with Iran's Ministry of Defense and  
Armed Forces Logistics (MODAFL), which is the entity  
with responsibility for Iranian arms procurement and  
development. Although Holm GmbH representatives have  
requested an end-use statement from SEI, we want to  
urge German officials to view any such end-use  
statement with extreme skepticism, and encourage them  
to take measures to prevent sales of high-tech  
equipment to MODAFL and subordinate entities.

[¶3.](#) (U) Action Request: Request Embassy Berlin approach  
appropriate German government officials to deliver  
talking points/non-paper in paragraph 4 below and  
report response. Talking points also may be provided  
as a non-paper. This information will also be shared  
with Swiss officials via septel.

[¶4.](#) (S) Begin talking points/non-paper:

(SECRET//REL GERMANY)

-- We would like to raise with you a matter of  
proliferation concern and request your government's  
assistance in investigating this activity.

-- The United States has information indicating that as  
of mid-March 2009, Iran's Shiraz Electronics Industries  
(SEI) was seeking several Swiss-origin digital magnetic  
compasses from the German firm Holm GmbH.

-- The items sought were model DMC-SX 5000 digital  
magnetic compasses manufactured by Switzerland's  
Vectronix.

-- This equipment is designed for various applications,  
including in unmanned underwater vehicles. Although  
not controlled by the Missile Technology Control Regime  
(MTCR), these items could also be used as an attitude  
and heading reference system in unmanned aerial  
vehicles (UAVs).

-- SEI is affiliated with Iran's Ministry of Defense  
and Armed Forces Logistics (MODAFL), the entity

responsible for Iranian arms procurement and production.

-- Iran's Aerospace Industries Organization (AIO) and Defense Industries Organization (DIO) are subordinate to MODAFL. Numerous DIO and AIO entities are subject to sanctions under United Nations Security Council Resolutions.

-- Holm GmbH representatives have requested an end-use statement from Shiraz Electronics before agreeing to provide a price quotation.

-- While Holm GmbH appears to be exercising caution in its dealings with Shiraz Electronics Industries, we would recommend that any end-use statement provided by SEI or other MODAFL affiliates be viewed with extreme skepticism, and encourage you to take measures to prevent the sale by German firms of high-tech equipment to MODAFL and subordinate entities.

-- We will also be discussing this matter with Swiss officials.

-- We appreciate Germany's cooperation on nonproliferation matters and look forward to hearing of any actions your government takes in response to this information.

End talking points/nonpaper.

15. (U) Please contact ISN/MTR's John Paul Herrmann with any questions or follow-up issues related to this case (202-647-1430 - herrmannjp@state.sgov.gov) and slug any reporting on this issue for ISN/MTR, EUR/PRA and EUR/CE.

16. (U) A word version of this document will be posted at [www.state.sgov.gov/demarche](http://www.state.sgov.gov/demarche).  
CLINTON